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World Oilmeal Supply Growth To Slacken in 1975

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This week's cover:

A Colombian farmer guides coffee-laden pack animals from his field to an area where the coffee beans will be separated from the pulp and dried before being taken to market. See article beginning on page 11.

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Growth in World Oilmeal Supply Likely To Slacken in 1975

By ALAN E. HOLZ
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BOTH WORLD SUPPLY and demand for oilseed cakes and meals are expected to continue increasing in calendar 1974 and 1975, but the current world supply-demand pattern could be altered noticeably in the months ahead, due to any or all of several new factors.

World production of major cakes and meals in 1974 is estimated at 66.2 million metric tons (soybean meal equivalent basis), compared with only 55.9 million tons in 1973.

Projected world output in 1975 is 68.2 million tons—a relatively modest increase.

Although world demand for oilseeds and oilseed products is—on the surface, at least—insatiable, there are several significant trends affecting both supply and demand that will bear careful watching.

Key factors in supply include the following:

- Actual size of the 1974 U.S. soybean crop, which could be greatly influenced by such developments as the soybean-corn price ratio, the cost and availability of fertilizer, and weather conditions at planting time;
- Prospects for recovery of the Peruvian anchovy reduction industry, as determined by changes in ocean conditions and new Government regulations concerning the allowable catch;
- Probability of continued soybean acreage expansion in Brazil and other countries under likely changing price patterns for soybeans relative to other crops.

And, on the demand side of the picture, the following possibilities must be assessed:

- Possible adverse affects of increased energy prices on economic activity, and on consumer demand for livestock and poultry products;
- Likely prospects for consumption growth and shifts in imports by the Soviet Union and the People's Republic of China;
- Possible shifts in crop area into food crops and away from oilseed crops in an attempt to compensate for both the shortage and higher prices of fertilizer.

All of these uncertainties could weigh heavily as price determinants in future months. In view of these unknown quantities and possible shifting patterns, past trends now are not necessarily the best guide to the future.

There is little doubt that the existing tight world oilmeal supply situation will continue for some months, despite this year's estimated increase of 10.3 million tons—a record increase—over last year. The difficulty is that a substantial part of the increased production is not yet available for consumption in world markets.

The Peruvian anchovy fleet, for example, is expected to resume fishing—on a limited basis—this week, and the first meal supplies to be processed from the new catches should be available for consumption in major markets, starting in April.

Monthly catches are reportedly limited to 500,000 tons until the Government assays the volume of the early March catches and sets quotas for the remainder of the season, which ends in June.

A catch of 2 million tons for the March-June season would yield about 400,000 tons of fishmeal.

In Brazil, the 1974 soybean crop will not be available until May.

In India, the increase in the 1973 peanut crop, while large, is expected to result in only a small increase in meal exports. The substantial gain reported by the Soviet Government in sunflowerseed output probably will not move into export trade, although it could result in a substantial cut in USSR import requirements.

As a result of these developments, the only major source of increased export availabilities of meal currently available is the 1973 U.S. soybean crop.

World exports of oilseed cakes and meals in calendar 1974 are estimated at 30.5 million tons (soybean meal

equivalent), compared with 26.3 million in 1973. About 70 percent of the net increase will reflect expanded soybean-soybean meal exports from the United States and from Brazil. Most of the remaining expected increase will come from Peruvian fishmeal during the September-October period.

A sharp increase to about 21.4 million tons (meal basis) is expected in world exports of soybeans and meal. This volume would account for about 70 percent of the total world supply, compared with about 60 percent in the 1970-72 period. Total foreign exports of oilseeds and meals are expected to recover this year, following last year's sharp decline.

Prices have recently eased somewhat as the large Soviet sunflower crop diminished the near-term prospects of additional heavy purchases. In addition, the sharp increase in Brazilian availabilities from the 1974 crop beginning in May, the resumption of Peruvian fishing, the recent strengthening trend of the U.S. dollar against major foreign currencies, and the threat of slackened demand due to the effects of increased costs of energy all could put downward pressures on meal prices around the world.

However, to the extent that available stocks in the consuming countries are small, and that at least some of the foreign currency realinement against the U.S. dollar probably will stick, meal prices are not likely to revert to pre-1971 levels.

More importantly, the fantastic shift in the price of meal relative to the price of grain cannot be ignored. The soybean meal-corn price ratio based on closing cash prices on February 13 was 1.5 to 1, compared with 3.6 to 1 a year ago. By historical standards, meal in the United States is now very favorably priced relative to grain, and it is unlikely that this shift will go unnoticed in computer-generated least-cost-ration formulations. The current soybean meal-corn price ratio, which is now 20 percent below the projected 1960-70 trend, should be a constructive influence in stimulating feeding rates for high-protein meals, particularly soybean meals.

Another important factor that will have to be faced in the second half of 1974 is the expiration on September 30 of the longshoremen's labor contract. Increased exports, in anticipation of a strike, could result, thus distorting the normal seasonal flow of U.S. exports and causing a bulge in 1973-74 by subtracting from 1974-75.

World production of oilseed meals in 1975 is projected to increase by about 2 million tons from the expected 1974 outturn. This increase would come largely from the continued expansion of Brazil soybeans in 1975, as well as from the anticipated partial recovery of the Peruvian fishmeal output.

Continued on page 16

ANNUAL CHANGES IN WORLD PRODUCTION AND EXPORTS OF MAJOR OILSEEDS AND MEALS (44 PERCENT SOYBEAN MEAL EQUIVALENT BASIS)
[In million metric tons]

Item	Soybean	Fish	Peanut	Sunflower	Rapeseed	Other[1]	Total	U.S.	Foreign
Production:									
1960-72 trend	+1.31	+0.36	+0.08	+0.11	+0.11	+0.07	+2.04	+1.13	+0.91
1972	+1.98	−1.63	+ .24	+ .11	+ .06	+ .06	+ .82	+ .95	− .13
1973[2]	+2.82	− .68	− .87	− .07	− .06	+ .18	+1.32	+2.31	− .99
1974[3]	+7.78	+1.20	+ .46	+ .75	− .06	+ .17	+10.30	+6.02	+4.28
1975[4]	+ .22	+ .90	+ .25	+ .02	+ .11	+ .50	+2.00	− .43	+2.43
Exports:									
1960-72 trend	+ .99	+ .24	+ .02	+ .01	+ .06	+ .02	+1.34	+ .90	+ .44
1972	+ .93	− .28	+ .16	+ .05	− .03	+ .16	+ .99	+ .14	+ .85
1973[2]	+2.73	−1.80	− .19	+ .10	+ .06	− .24	+ .66	+1.92	−1.26
1974[3]	+3.02	+1.24	− .01	+ .03	− .14	+ .03	+4.17	+1.88	+2.29
1975[4]	+1.52	+ .56	+ .19	− .02	+ .05	+ .15	+2.45	+ .88	+1.57

[1] Includes cottonseed, linseed, copra, and palm kernel meal. [2] Preliminary. [3] Partly forecast. [4] Forecast.

WORLD PRODUCTION AND EXPORTS OF MAJOR OILSEEDS AND MEALS (44 PERCENT SOYBEAN MEAL EQUIVALENT BASIS)
[In million metric tons]

Item	Soybean	Fish	Peanut	Sunflower	Rapeseed	Other[1]	Total	U.S.	Foreign
Production:									
1971	27.78	7.44	4.55	3.19	2.75	8.09	53.80	25.24	28.56
1972	29.76	5.81	4.79	3.30	2.81	8.15	54.62	26.19	28.43
1973[2]	32.58	5.13	3.92	3.23	2.75	8.33	55.94	28.50	27.44
1974[3]	40.36	6.33	4.38	3.98	2.69	8.50	66.24	34.52	31.72
1975[4]	40.58	7.23	4.63	4.00	2.80	9.00	68.24	34.09	34.15
Exports:									
1971	14.74	4.21	2.18	.46	.86	2.23	24.68	13.45	11.23
1972	15.67	3.93	2.34	.51	.83	2.39	25.67	13.59	12.08
1973[2]	18.40	2.13	2.15	.61	.89	2.15	26.33	15.51	10.82
1974[3]	21.42	3.37	2.14	.64	.75	2.18	30.50	17.39	13.11
1975[4]	22.94	3.93	2.33	.62	.80	2.33	32.95	18.27	14.68

[1] Includes cottonseed, linseed, copra, and palm kernel meal. [2] Preliminary. [3] Partly forecast. [4] Forecast.

Canada's Farm Analysts Predict Strong Demand—With a Few If's

By EUGENE T. OLSON
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CANADIAN GOVERNMENT agricultural economists are predicting a year of strong demand and increased supplies of most farm commodities. But speakers at the annual Agricultural Outlook Conference held January 28 and 29 in Ottawa also warned that tightened supplies of fuel and fertilizer may alter both prospective world farm supplies and future prices.

The timing of the conference was shifted from the traditional November date to late January in order to provide time for detailed evaluation of the impact on Canadian agriculture of changing supply-demand factors both at home and abroad.

Eugene Whelan, Canadian Minister of Agriculture, told the conference that farm profits in Canada finally are moving in the right direction, although he noted that improvements in farm income have not been equal for all farmers in all commodities.

"Some farmers need more improved incomes in order to increase their production so as to meet future demand," Mr. Whelan stated, noting that beef, pork, and dairy producers are particularly affected.

Mr. Whelan pointed out that shortfalls of inputs are plaguing farm operators in many areas of the world, and he observed that Canadian agricultural producers are relatively fortunate. "We are lucky, because we do not face the same degree of shortages of fertilizer, energy, land, and water that some other nations face," he stated.

Chairman Andre Raynauld of the Economic Council of Canada commented on the significance of the various production forecasts and their relationships to prices of food paid by Canadian consumers. While there may be some leveling off of food prices in Canada in 1974, reductions do not appear to be in the cards, he observed.

C. G. Downing, Agriculture Canada researcher, commenting on world oil supplies and rising oil prices, stated that "any increase in petroleum prices, or reduction in supply, will have a significant impact on the operating cost and/or the output of Canadian agriculture, particularly in the Prairies." He added that Canada's agricultural economy consumes 7.9 percent of Canada's gasoline and 12.2 percent of its diesel fuel, with petroleum products representing more than 10 percent of the operating cost of Canadian farms.

On the whole, however, the world oil situation was generally considered to have only a modest impact on Canada's agricultural production and trade in 1974—barring further deterioration in the international energy situation.

Here are the highlights of the conference forecasts prepared by Agriculture Canada analysts on major Canadian farm commodities:

Wheat. In spite of record world production and slightly lower world exports in 1973-74, stocks in the hands of major exporters will be further decreased during the year. Prices will remain high. Canada's exports could approach 500 million bushels. In 1974-75, Canada is likely to increase plantings substantially—perhaps as much as 3 million or more additional acres to about 28 million acres. Such an expanded acreage for wheat would appear to be in keeping with expected export demand, domestic requirements, and the relatively low level of stocks now on hand. Large world production of wheat and rice could lead to some weakening of prices.

Feedgrains. World demand for feedgrains in 1973-74 will remain strong. Canadian barley supplies are lower than last year, and exports will be lower. Prices should remain strong—at least until the new crop supplies are in sight. In 1974, Canadian barley plantings are not likely to increase, but after a year or two increased world demand for livestock products is expected to lead to price relationships between food and feedgrains more favorable to barley and other feedgrains.

Oilseeds. As a result of the anticipated large increase in world oilseed production, prices of oilseeds, oils, and meals are expected to ease moderately in the last half of 1973-74. Nevertheless, because prices have remained high for the first half of the crop year and oilseed marketings (with the exception of soybeans) have been ahead of last year's rate, average prices received by farmers for all oilseeds are likely to be higher in 1973-74 than in 1972-73. In view of the anticipated low level of Canadian oilseed stocks, average prices of all oilseeds could be increased without threatening an excessive buildup of stocks.

Beef. The supply-price outlook for the Canadian beef industry in 1974 remains in an atmosphere of considerable uncertainty. Continuing expansion of Canada's beef breeding herd in recent years is expected to result in increased beef output in 1974. Prices may vary through the year, but could average close to 1973 levels. Cattle feeders, in particular feedlot operators, may continue in a relatively unfavorable profit position—at least for the first part of 1974.

Veal. Veal slaughter in 1974 can be expected to continue its downward trend of recent years. While the demand for veal remains strong, the alternatives of export and/or further feeding are strongly competitive for the supply of male dairy calves. In addition, Canada's dairy cow numbers in recent years have been declining, resulting in a lower supply of potential veal calves.

Pork. In both Canada and in the United States, lower pork output may be expected during the first half of 1974, compared wtih a year earlier. Hog prices in the first half of 1974 are expected to average above last year's levels. Hog prices in last-half 1974 may be expected to trend downward and average below the unusually high 1973 last-half levels in both countries.

Sheep and lambs. Reflecting relatively tight supplies and the international scene, lamb and wool prices are expected to be at high levels during 1974. The combination of higher wool prices in 1973 and higher lamb prices greatly improves the economic position of the industry.

Dairy. Milk production in Canada will likely increase in 1974 from 1973 levels, but much will depend on pro-

ducer prices in relation to input costs. Sales of fluid milk for fresh consumption are forecast to continue expanding. Production and consumption of cheese is expected to increase in 1974, and exports may expand. Butter production will increase if there is a moderate rise in total milk production, but consumption is expected to decline further. If butter imports are required, they are likely to be considerably below 1973. Farm cash receipts from the sale of milk and cream, excluding subsidies, may reach a record high of $1 billion.

Poultry and eggs. Canadian egg prices will be adjusted seasonally in the first quarter of 1974, and throughout the year prices will be affected by feed and other costs as well as by U.S. market prices. The outlook for poultry meats is fair, and a moderate 3-5 percent increase in marketings is expected in 1974. Prices of broiler chickens are expected to weaken in the first quarter of 1974, but should recover by midyear.

Turkey prices are expected to remain firm, with 1974 broiler turkey marketings expected to be 79 million pounds, or about 37 percent of the national turkey production of about 215 million pounds. Domestic disappearance in 1974 is expected to continue its upward trend. Marketings of heavy turkeys in the first quarter are forecast at 716,000 birds, with hen weights expected to be about 23 percent of all turkey meat—about 50 million pounds. Tom weights will amount to about 86 million pounds, or about 40 percent of national production.

Pulses, buckwheat, mustard, tobacco, sugarbeets. Acreages of these special crops in 1974 will be closely correlated with opportunities for cereal grains in Western Canada. Since most of these crops are contracted, it is expected that contract prices will reflect current price levels for most special crops. Under such conditions, acreage and thus production could increase. Dry bean production could increase if market prices remain firm. Adequate supplies of dry peas will likely be produced, due to higher 1973 prices. Buckwheat production is expected to increase in Western Canada. Mustardseed production will be maintained at 1973 levels. Faba bean acreage on the Prairies is expected to exceed 50,000 acres. Exports of 1973 tobacco will be up. Acreage in 1974 will be about the same as in 1973, or slightly larger. World tobacco prices are expected to be higher, due to low supplies. For sugarbeets, higher producer returns are expected.

Apples. The 1973 crop is 3.6 percent below 1972, and 10.8 percent below the 1966-70 average. Apple prices will average above year-earlier levels throughout the 1973-74 marketing year, and will extend into 1974-75.

Other fruit. The aggregate production of tender fruit in 1973 was below the 1972 level, while aggregate production of soft fruit was above. With a strong demand for both processing and fresh market fruit, and a low processed stock position, price levels in 1973 were generally above 1972. Prices for both fresh market fruit and processed fruit will remain above the 1972-73 price level throughout 1973-74, extending into 1974-75.

Potatoes. The 1973 North American fall potato supply is only 2 percent above the short 1972 supply. The Canadian crop is 6.6 percent above 1972, while the U.S. fall potato crop is 1 percent above 1972. Potato prices are above year-earlier levels, and will continue above throughout the 1973-74 marketing year. An increase in potato acreage is anticipated in 1974.

Other vegetables. Vegetable production in 1973 was generally above the 1972 level. Storage holdings on December 1 were generally above the previous year. Prices during the early part of the 1973-74 marketing year were equal to or above those of the same period of 1972-73. Prices during the remainder of the 1973-74 marketing year will be above the prices of vegetables prevailing in 1972-73.

Canadian Government farm officials, meeting in Ottawa at their annual outlook conference, agreed that demand for most commodities will remain strong. Left, Deputy Minister of Agriculture S. B. Williams, Minister of Agriculture Whelan, Assistant Deputy Minister for Economics R. P. Poirer.

Five U.S. Farm Export Markets Top $1 Billion in 1973

By DEWAIN H. RAHE
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Exports of U.S. farm products broke the billion-dollar mark in calendar 1973 to five major markets—Japan, West Germany, Canada, the Netherlands, and the USSR, three of them for the first time.

Probably the most significant development was the substantial increase in value of U.S. farm exports to the USSR and the People's Republic of China (PRC). Combined, these two markets totaled $1.5 billion and accounted for about 13 percent of the overall increase. The whole of Asia was a market for $6.5 billion of U.S. agricultural exports, a gain of 99 percent from a year earlier. In addition to the PRC, big increases to this area occurred in exports to Japan, India, the Republic of Korea, Hong Kong, and the Republic of China (Taiwan).

Agricultural exports to Japan broke the $3-billion mark, doubling the $1,429 million total for calendar 1972. Only 3 years ago, Japan became the first billion-dollar market for U.S. agricultural exports. The 1973 increase to Japan was concentrated in grains, cotton, soybeans, fruits, pork, tallow, poultry meat, and hides and skins. Of course, again much of the jump in exports to Japan stemmed from higher prices.

Japan's per capita income has been rising around 15 percent annually for the past decade. As a result, demand for higher quality foods has gained constantly throughout the past 10 years. Japanese consumers are eating more livestock products, fruits and vegetables, and adding more variety to their traditional diets.

Because of limited supplies of many products from other countries, Japan purchased a large share of its food imports in calendar 1973 from the United States. In addition, Japan also utilized less surplus rice for feed than in 1972, adding to the demand for feedgrains. Overall, the United States accounted for about one-third of agricultural imports by Japan in 1973.

The People's Republic of China took $575 million worth of U.S. agricultural products in 1973, compared with only $61 million in 1972. Wheat, totaling 97 million bushels and valued at $278 million, was the leading commodity. Corn, totaling 55 million bushels and valued at $132 million, was the next most important item shipped. Cotton exports to this new market totaled about 610,000 running bales worth $100 million.

Other commodities exported to the PRC included soybeans, soybean oil, tobacco, tallow, and cattle hides. Reduced supplies from other major exporters, some indication of stock building, and reduced production for some commodities were factors involved in the growth of U.S. farm trade with the PRC.

Exports of U.S. agricultural commodities to other Asian countries in 1973 were valued at $2.9 billion—a gain of 65 percent over a year earlier. Grains accounted for much of the overall increase but exports of soybeans, cotton, hides and skins, also were up sharply. Countries in this area have become a very rapid growth market for U.S. agricultural exports, especially the Republic of Korea, Hong Kong, the Republic of China (Taiwan), Singapore, Malaysia, and Indonesia.

More important, the 1973 increase in U.S. farm exports to these countries occurred in commercial sales, although shipments under Government programs were still very important. Exports to West Asia, mainly the Middle East countries, totaled $521 million, 77 percent greater than a year earlier. The increase in this area has occurred primarily in exports of grains. In addition, there were larger shipments of tobacco, food preparations, soybeans, cottonseed oil, fruits and vegetables, meats and products, and poultry products. The gain occurred in exports to Israel, Iran, Iraq, Lebanon, Turkey, and Saudi Arabia.

Canada joined the billion-dollar-club market for U.S. agricultural exports in calendar 1973, rising 45 percent to hit an alltime high of $1,035 million, compared with the $715 million in 1972. Substantial gains in exports to this market occurred in slaughter cattle, pork, other meat products, rice, fruits and preparations, fresh vegetables, prepared feeds, peanuts, nursery and greenhouse stocks, vegetable oils, and many other items.

Canada is a market for about three-fifths of total U.S. exports of fresh horticultural products. Because of its proximity to the United States, the rapid growth in per capita income, and plentiful foreign exchange, Canada has become one of the fast-growth markets

U.S. AGRICULTURAL EXPORTS BY REGIONS, CALENDAR 1970-73

Region [1]	1970	1971	1972	1973	1972-73 change
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Percent*
Western Europe	2,618	2,995	3,357	5,606	+67
EC (9)	2,106	2,391	2,726	4,527	+66
EC (6)	1,586	1,868	2,105	3,710	+76
EC (3)	519	563	621	817	+32
Eastern Europe and USSR [2]	142	193	718	1,494	+108
USSR	16	30	430	916	+113
Asia	2,670	2,627	3,259	6,489	+99
Japan	1,214	1,073	1,427	2,996	+110
People's Republic of China	0	0	61	575	+843
Latin America	688	773	872	1,692	+94
Canada, excl. transshipments	575	607	715	1,035	+45
Canadian transshipments	251	153	128	677	+429
Africa	259	294	297	580	+95
Oceania	54	52	54	83	+54
Total	7,259	7,693	9,401	17,656	+88

[1] Not adjusted for transshipments. [2] Includes Yugoslavia.

for a very diversified list of U.S. farm products.

U.S. agricultural exports to Africa, totaling $580 million, nearly doubled the level of a year earlier. Because of very severe and widespread drought on that continent in the past 2 years, many African countries had to import considerably more food products. Other export countries had only limited supplies and greater reliance was placed on the United States for making up the drought shortages. Biggest increases occurred to Morocco, Egypt, Nigeria, Senegal, Ghana, Libya, Sierra Leone, Kenya, and the Republic of South Africa.

Many of the North African countries and Nigeria have considerable foreign exchange revenue from the export of petroleum products to purchase U.S. agricultural items. At the same time, the more needy countries in Africa received more U.S. farm products under P.L. 480 arrangements.

U.S. agricultural exports to Western Europe were up by two-thirds to $5.6 billion, and West Germany and the Netherlands topped the billion-dollar level—the Netherlands for the first time.

Exports to West Germany, the second best U.S. farm export market, totaled about $1.4 billion, an increase of 75 percent over a year earlier after adjustments for transshipments.

Grains accounted for most of the increase in U.S. exports to Western Europe. However, more soybeans, soybean cake and meal, cotton, meats and turkey parts, and fruits and vegetables also were exported last year.

Because of a world shortage of protein meal, somewhat reduced availability of nongrain feed, and less use of denatured wheat, feed manufacturers in West Germany and the Netherlands utilized more feedgrains in their rations than in prior years. Also some increase in livestock production occurred in 1973 which also pushed up requirements for grains.

In previous years, because of the high grain prices brought on by the variable levies, West European feed manufacturers used large quantities of protein meal and nongrain feeds such as beet pulp, manioc, and corn byproducts in feed rations.

Preliminary reports indicated that around $300 million of U.S. agricultural products were transshipped through the Dutch ports of Rotterdam and Amsterdam.

Exports of U.S. farm products to Eastern Europe and the USSR hit a record of $1.5 billion in 1973, more than doubling the level of a year earlier. Farm shipments to the Soviet Union totaled $1,012 million (including transshipments through Canadian ports), compared with $430 million a year earlier and those to Eastern Europe, excluding the USSR, increased to $577 million, sharply above the $288 million in agricultural products exported in 1972.

All together the increase in exports to Eastern Europe and USSR accounted for about 13 percent of the total rise in 1973 U.S. farm exports. The increase occurred primarily in wheat, feedgrains, protein meal, and soybeans. Poland accounted for most of the gain with exports to that country approaching $300 million. But increases also occurred to Yugoslavia, Romania, and Czechoslovakia.

U.S. agricultural exports to Latin American countries in 1973 totaled $1.7 billion, nearly doubling the level of a year earlier. The increase occurred in shipments to Brazil, Mexico, Peru, Chile, Argentina, and Colombia.

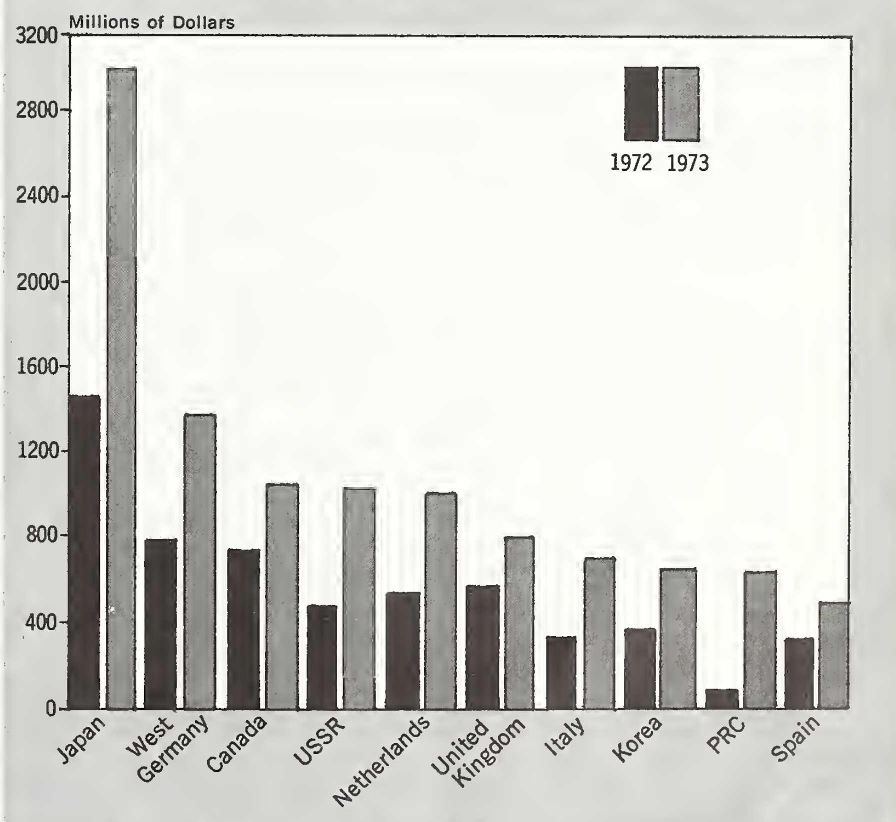
Caribbean countries increased their imports of U.S. farm products by over two-fifths in 1973 to a record of $266 million because of rising demand from hotel and tourist trade, as well as demand generated from population and income growth.

A decline in grain production in many Latin American countries due to unfavorable weather was a principal factor in the substantial increase in U.S. agricultural exports to these countries. But economic progress is occurring and demand for more food is a result of higher incomes. At the same time, population in Latin American countries is gaining about 3 percent annually, or 5 million additional people.

While exports of $1.7 billion in U.S. farm products to Latin America seem rather large, agricultural imports by the United States from this area are much larger with a total of over $3 billion. Many of these countries can purchase more U.S. farm products as a result of higher export earnings for their raw materials, especially for petroleum and metal ores.

For details of specific commodities, see *Foreign Agriculture*, February 4, 1974.

U.S. AGRICULTURAL EXPORTS TO THE TEN LEADING MARKETS[1]



[1] Adjusted for transshipment; 1973 adjustments preliminary.

May hit 1 million tons

Poor Crops, Short Stocks Spark West Asia's Rice Imports

By JOHN B. PARKER, JR.
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The buoyant demand for imported rice by West Asian nations has been a factor in the sharp rise in world rice prices during 1973. Prices of more than $500 per metric ton for U.S. long-grain rice moving to these markets are now common, compared with less than $250 per ton during 1972. Some Kuwaiti importers even pay over $800 per ton for 4 percent broken U.S. rice. Imports of milled rice by West Asian markets jumped from 418,000 tons in 1969 to about 800,000 tons in 1973.

It now appears that West Asian rice imports in 1974 might exceed 1 million tons, because imports by most of the area's countries fell below expected levels in 1973. Some of the reasons for the upward trend in rice imports into West Asia include:

• Higher revenues from petroleum which spur the demand for imported rice. Government expenditures on many programs and projects—financed from oil profits—result in wider distribution of income, making it possible for more families to afford rice. Where rice imports were limited in the past by some countries because of a shortage of foreign exchange—in such countries as Iran and Iraq—higher petroleum prices cause this deterrent to disappear.

• Setbacks in rice production in Iran in 1973—due to storms at harvest time and in Iraq because of inadequate irrigation water—boosted their rice import needs.

• Stocks of rice held by private traders in Kuwait and the Gulf sheikdoms were depleted in early 1973 when they made substantial sales to Malagasy Republic and East Africa from their supplies of Pakistani basmati rice. The traders thought they could take advantage of rising world rice prices to unload old stocks of rice, and then replenish their supply when Pakistan's new harvest became available. Although Pakistan's production hit a record level in 1973 and exports may be as much as 500,000 tons, private purchasers may not be able to buy the quantity they want. The Pakistan Government's action in taking over the rice trade will only complicate the situation further.

• The shift from reliance upon private importers to imports by government trading agencies in Arabian Peninsula markets has created some transitional problems. Since rice exports by Pakistan and Thailand go first to large government purchasers, small private Arab importers cannot get the rice they need from these sources. They have turned to the United States as their most reliable source. As yet, their rice imports from the United States have been below their needs. U.S. exporters have been hesitant to sign contracts with them because of rising rice prices and uncertainty about shipping costs.

• As their imports of rice declined, the small traders were unable to keep an adequate supply on the grocery shelves in Kuwait, Saudi Arabia, and the Gulf shiekdoms. And because he seldom shares directly in petroleum revenues, the small merchant must finance his operations directly from his rice sales. Thus, he is caught in a descending spiral.

However, the governments in West Asia plan to import enough rice in 1974 to possibly build up stocks and prevent future shortages. This would result in record imports by most West Asian markets.

Even before the recent hikes in petroleum prices, consumer demand for rice in Arabian Peninsula markets during 1974 was expected to approximate 500,000 tons. Only about 3,000 tons of that supply was to come from domestic production.

Rice imports by these markets doubled between 1967 and 1973. Despite plans to boost agricultural development, over 99 percent of the rice supply of the Arabian Peninsula is still likely to come

RICE PRODUCTION AND ESTIMATED TOTAL SUPPLY IN THE NEAR EAST
[In thousands of metric tons]

Country and kind	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
Paddy:[1]											
Turkey	217	167	217	250	233	205	212	267	241	188	246
Iran	860	800	845	875	1,083	1,020	1,058	1,350	877	1,200	1,015
Iraq	143	184	178	182	308	325	293	180	307	305	220
Syria	1	1	2	2	1	2	8	2	1	1	1
Saudi Arabia	2	3	4	3	3	3	3	3	3	3	3
Total	1,223	1,155	1,246	1,312	1,628	1,555	1,574	1,802	1,429	1,697	1,485
Milled:											
Turkey	141	109	141	162	151	133	138	174	157	122	160
Iran	568	528	558	578	715	673	698	891	579	792	670
Iraq	94	121	117	120	203	214	193	119	203	201	145
Syria	1	1	2	2	1	2	5	2	1	1	1
Saudi Arabia	1	2	3	2	2	2	2	2	2	2	2
Production	805	761	821	869	1,072	1,024	1,036	1,188	942	1,118	978
Imports	320	405	432	440	357	421	417	559	715	658	821
Total Supply	1,125	1,166	1,253	1,309	1,429	1,445	1,453	1,747	1,657	1,776	1,799

[1] Converted below to milled rice equivalent. FAO 1972 Trade Yearbook, FAO Rice Intelligence, Foreign Trade Statistics of selected countries for portions of 1973, Agricultural Attaché reports, and ERS estimates for 1973.

from imports. By 1980, rice imports by these markets should approximate 1 million tons.

If income for 4 million rural residents in Saudi Arabia and 6 million people in Yemen increase sharply in the next 6 years, the demand for imported rice could be higher.

Kuwait currently has a high per capita income, wide distribution of income, and high per capita consumption of rice. Abu Dhabi has a higher per capita income than Kuwait because of its zooming petroleum exports and small population of only 90,000. Yet, Abu Dhabi does not have the wide distribution of income found in Kuwait.

Long-grain rice is preferred by most consumers in the Arabian Peninsula, Iraq, and Iran. Most wealthy families are fond of basmati rice. When shortages of rice occurred in shops this past summer, many families bought rice in 100-pound bags—a supply for several months. The depletion of these relatively large family stockpiles of rice tends to further the demand for rice imports in 1974. Consumers in Lebanon, Syria, and Jordan like medium- and short-grain rice imported from Egypt, Italy, and the United States.

Exports of rice by the United States to West Asia in 1973 were about one-fourth below the 157,600 tons shipped in 1972, mostly because of a delay in shipments to Iran. Some shipments to Saudi Arabia were also delayed until early 1974. Sales to Jidda and Damman in 1973 were 70,500 compared with 79,500 tons sent there in 1972. Kuwait, Abu Dhabi, and Iraq all sought to purchase much larger quantities of U.S. rice in 1973 than they actually received.

The Mideast war in October adversely affected shipping to that area in late 1973 and wet weather in the United States delayed the availability of U.S. rice for export. U.S. rice exports to Oman, Abu Dhabi, Iraq, Qatar, and Bahrain were up sharply in 1973, although the volume was less than anticipated.

U.S. rice exports to West Asia in 1974 should reach 300,000 tons. Saudi Arabia is likely to purchase more than 125,000 tons of U.S. rice this year. Its imports of Thai rice are scheduled to

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RICE IMPORTS BY NEAR EAST COUNTRIES
[In thousands of metric tons]

Importers	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974 [1]
Saudi Arabia	99	141	142	125	124	151	233	220	167	195	260
Kuwait	25	50	47	19	42	27	39	55	51	74	90
Bahrain	17	18	18	9	19	8	26	26	28	27	30
United Arab Emirates	32	33	25	27	45	34	44	48	64	71	85
South Yemen	31	26	28	29	28	60	46	40	30	33	35
Other Arabian Peninsula	11	25	23	17	27	22	28	26	27	33	45
Total Arabian Peninsula	215	293	283	226	285	302	416	415	367	433	545
Iran	3	41	29	10	24	2	6	61	80	74	150
Iraq	95	1	1	11	—	1	2	97	45	72	135
Syria	35	29	32	36	44	30	40	50	56	55	50
Lebanon	17	19	22	26	18	29	25	25	26	29	32
Jordan	21	26	25	23	18	19	15	24	30	28	30
Turkey	—	1	9	—	1	—	16	—	10	60	35
Israel	17	18	36	21	28	30	36	39	40	45	45
Cyprus	2	4	3	4	3	4	3	4	4	4	4
Total West Asia	190	139	157	131	136	115	143	300	291	367	481
Grand total	405	432	440	357	421	417	559	715	658	800	1,026

[1] Forecast. Foreign Trade Statistical Yearbooks of Iran, Iraq, Kuwait, Lebanon, Dubai, Turkey, Jordan, and Cyprus; FAO Trade Yearbooks for 1969 and 1971, and estimates by U.S. Government agencies.

EXPORTS OF RICE BY PAKISTAN, THAILAND, AND THE UNITED STATES TO WEST ASIA
[In thousands of metric tons]

	1972				1973			
Importers	Pakistan	Thailand	United States	Total	Pakistan [1]	Thailand [1]	United States	Total
Iran	—	—	53.5	53.5	30.0	20.0	—	50.0
Iraq	26.3	9.9	—	36.2	40.0	10.0	9.0	59.0
Saudi Arabia	29.0	27.1	79.5	135.6	26.0	50.0	70.5	146.5
Kuwait	32.6	12.4	4.3	49.3	27.0	30.0	4.0	61.0
Dubai and Abu Dhabi	13.5	13.1	1.8	28.4	16.0	[2] 12.0	[2] 2.7	30.7
Bahrain	8.9	23.4	.1	32.4	4.0	15.0	.4	19.4
Qatar	7.9	1.7	.2	9.8	4.0	4.0	.1	8.1
Muscat and Oman	2.5	2.0	.1	4.6	2.0	2.5	3.0	7.5
Southern Yemen	[2] 4.4	22.7	2.1	29.2	3.0	25.0	—	28.0
Yemen	—	1.4	2.2	3.6	—	5.0	.3	5.3
Lebanon	—	.2	.6	.8	—	.5	1.2	1.7
Jordan	7.5	—	.4	7.9	2.0	—	.1	2.1
Israel	—	.9	12.8	13.7	—	3.0	5.8	8.8
Turkey	—	—	—	—	—	10.0	23.9	33.9
Total	132.6	114.7	157.6	404.9	154.0	187.0	121.0	462.0

[1] Estimates based on incomplete statistics. [2] Reported in export data as Mideast n.e.s. (not elsewhere specified).

U.S. Share of German Cotton Imports Rises

By ROBERT C. TETRO
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TOTAL WEST GERMAN raw cotton imports are expected to decline moderately in 1973-74. In spite of an abatement in the textile industry's recent level of activity, the United States and the Soviet Union increased their shares of this cotton import market. Other major suppliers dropped to positions of lesser importance.

Total West German raw cotton imports for the 1973-74 season are estimated at nearly 1 million bales, roughly 200,000 bales, or 17 percent, below the 1.2 million imported during 1972-73.

The anticipated decline in imports, partly attributable to slackening textile activity, is primarily the result of heavy buying late last season. Average annual cotton imports during the past 3 years of about 1.1 million bales correspond closely to mill consumption and reexports of cotton.

During the fourth quarter of the 1972-73 season, raw cotton imports almost doubled, compared with the same period the previous season. Stirred by uncertainty over 1973-74 world cotton crop, dramatic rises in cotton prices, and actual or threatened imposition of export restrictions in a number of countries, West German importers and spinners purchased large quantities of old-crop cotton.

These same factors contributed to an import level during the first quarter of the 1973-74 season nearly 50 percent higher than corresponding levels last year. However, with spinners' and dealers' stocks at the end of the current season's first quarter up 50 percent and 100 percent, respectively, from levels at the same time last year, the import pace of the past 6 months is expected to moderate.

Imports of U.S. cotton during the 1972-73 season amounted to 187,000 bales. This 16-percent share of the market was twice that of a year earlier and the largest U.S. share since the 1964-65 season. The increase moved the United States into position as West Germany's second largest supplier, surpassed only by Turkey with a 17-percent share. Trade sources and others predict the U.S. share would move up to 20 percent in 1973-74.

Largely responsible for the enhanced U.S. position are such factors as gradual disappearance of old prejudices concerning U.S. cotton quality—particularly over ginning and unattractive packaging—and recognition of U.S. reliability as a supplier in the face of ongoing contractual disputes with other suppliers that started last season. In addition, realinements in world monetary values that have occurred over the last year made U.S. cotton more attractive.

During the 1972-73 season, the position of other suppliers also changed. The market shares of Brazil, Turkey, and African countries fell significantly and Russia's share swung upward.

"Imports of U.S. cotton during the 1972-73 season amounted to 187,000 bales. This 16-percent share of the market was twice that of a year earlier . . . Trade sources predict U.S. share of 20 percent in 1973-74."

In 1971-72 when West Germany imported 1.1 million bales, Turkish, Brazilian, and African suppliers accounted for roughly 500,000 bales, or about 47 percent, of the market. Last season these same suppliers accounted for 37 percent of a market of about 1.2 million bales. The percentage decrease was most pronounced for Brazil—29 percent—with Turkey's drop of 22 percent of the market in second place.

From a volume standpoint, the positions are reversed, with Turkey losing about 38,000 bales versus 32,000 for Brazil. These decreases are attributable to rapid growth of domestic consumption in these countries and increased sales to Far Eastern destinations. The decrease in imports of African cotton followed smaller crops in the wake of severe drought.

Increases in shipments from the Soviet Union have been pronounced—this despite complaints about high prices and deterioration in Russian quality. The Soviet share of the market increased from just over 6 percent in 1971-72 to slightly more than 11 percent last year.

While West Germany's cotton imports were up in 1972-73, consumption of raw cotton decreased by about 4 percent to 1,015,000 bales. Stocks on hand as of July 31, 1973, rose to nearly 470,000 bales, the highest level since 1961. The outlook for 1973-74 consumption is necessarily speculative, but estimates based on currently available information and trend indicators point to a level near the 1-million bale level of 1972-73. Two factors whose influence will be paramount are: The supply situation of raw materials for manmade fibers, and activity in the German textile industry. The textile industry will likely be one of the first to feel effects of a slowdown in general economic activity, as purchasing power falls off and textile exports are unable to completely offset decreases in domestic consumption.

During the first 3 months of the current season, German yarn production by traditional cotton spinners increased by about 10 percent and yarn consumption by weavers rose by just over 5 percent, compared with the first quarter of the 1972-73 season. Most of the increase was in manmade fibers; cellulosic fiber consumption rose by over 16 percent and that of noncellulosic fibers by 23 percent. Raw cotton consumption during the same period decreased by over 1 percent.

These figures do not reflect developments that may be attributed to the energy crisis and the situation could therefore change considerably during the coming months.

Despite the bullish nature of first quarter statistics, German textile industry associations and trade unions have increasingly voiced deep concern about the textile industry situation in Germany, and have recently petitioned for several policy actions by the Federal Government. Included among these are further reduction of textile imports, lower interest rates, and special subsidies. These efforts have so far been resisted. Government officials say that proof of the industry's ability to compete internationally lies in its rapidly increasing textile exports despite the revaluation of the German mark. Whether this view will prevail as new energy-related developments occur—which include the decreasing value of the mark over the past few months—remains to be seen.

Colombia's Record Coffee Crop Increases Need for Export Sales

COLOMBIA EXPECTS to harvest a record coffee crop in 1973-74 of 9.5 million bags (132 lb. each), equivalent to 570,000 metric tons. An output this large will add considerably to Colombia's yearend stock situation unless it is able to expand its export sales.

But even if 1973-74 exports reach the 6.5-million-bag estimate set by Colombian coffee groups, this would be only about 4 percent larger than the approximate 6.2-million-bag total of the previous season.

Until 3 years ago, Colombia shipped large amounts of coffee to East Europe for barter but this trade declined considerably when Colombia's improved foreign exchange situation lessened the need for such arrangements.

Colombia now has favorable trade balances with many of these countries and will find it difficult to buy suitable goods for the Colombian market to erase present surpluses. An increase in coffee shipments to East Europe would only complicate this situation. In 1971-72, Colombia's coffee shipments to these countries were 578,790 bags, but they dropped off to 374,194 the following year.

The 1973-74 coffee crop soared to its 9.5-million-bag record after a year of nearly ideal weather which brought new caturra coffee plantations to high levels of production. Although heavy rains during the flowering season aroused fears that coffee output might be cut, this apparently has not happened. Growers, many of whom have adopted improved cultivation practices, also benefited from 1973-74 being the heavy output year of the 2-year cycle that is a characteristic of Colombian coffee production.

The 1972-73 output of 8.6 million bags was also a record and was 19 percent greater than the previous year's. Here again good weather and larger production from caturra plantations planted about 3 years previously were mainly responsible.

Colombia's registered exports to

Above, coffee trees in miniature. The newly germinated plants will soon be replanted in other areas allowing them to be farther apart. Left, a farmer transplanting a small coffee tree in a Colombian field.

quota and nonquota countries during the 1972-73 coffee year (Oct. 1-Sept. 30) totaled 6,254,563 bags. Colombia's policy of withholding coffee from the market to prop up prices and congestion in Colombian ports resulted in shipments of only 6,066,719 bags to quota countries.

The United States was again Colombia's principal market in 1972-73, taking 2,678,398 bags—43 percent of total Colombian coffee exports. This represented an increase but it may be short-lived since the boost resulted largely from larger coffee purchases by U.S. roasters and importers to build up stocks.

Second most important individual market for Colombian coffee during 1972-73 was West Germany, which took 1,391,519 bags equal to 22 percent of total Colombian exports. Third was the Netherlands with 6 percent. Following in succession were Sweden with 5 percent and Spain with 4.8 percent. The remaining 19 percent went to 26 other countries.

Coffee exports to European markets totaled 3,250,334, down 11 percent from the previous year's 3,668,811 bags.

Colombia's income from coffee exports during the 1972-73 marketing year was US$529 million, compared with US$404.8 million the previous year. A gain of 30 percent, the value increase was mainly due to a boost in Colombian coffee prices in world markets from an average of 56.7 U.S. cents per pound in 1972 to about 72 U.S. cents per pound 1 year later.

There are no official estimates of 1973-74 coffee exports because of many uncertainties in the market and the absence of International Coffee Agreement (ICA) quota and price provisions. However, some sources believe that Colombia will try to export 6,500,000 bags, with most of the 250,000-bag increase going to new markets.

High coffee prices in 1972-73 slowed domestic consumption growth, but lower chocolate sales—mainly because of higher relative prices and the domestic cacao shortage—is expected to boost coffee consumption in 1973-74. In terms of bags, coffee use in the current season is estimated at about 1.55 million, compared to 1.5 million the previous season.

Colombia now has three soluble coffee plants in operation with combined capacity estimated at 6.6 million pounds—about 2.75 million pounds—is for local consumption. Only small amounts of soluble coffee are exported to Curaçao, Aruba, and other neighboring countries.

Above, coffee trees being shaded from the rays of the sun by taller trees. Because the coffee trees are subject to sunburn, they are often planted in this manner. Far right, coffee beans being separated from their mucilaginous covering by the pulping process. The beans fall into the vat behind the press, while the pulpy covering is discarded. Right, a technician in a spotless laboratory tests coffee beans for quality and flavor.

CROPS AND MARKETS

LIVESTOCK AND MEAT PRODUCTS

U.S. Court Overturns Drug Administration Ban on DES

A U.S. Court of Appeals decision in Washington has cleared the way for the return of diethylstilbestrol (DES) to livestock feeding rations—at least temporarily. Whether the ruling will be made permanent depends on the outcome of a public hearing during which the U.S. Food and Drug Administration (FDA) will review the facts and reassess the validity of its original ban issued in 1972.

If data presented at the new FDA hearing are sufficient to change the FDA's earlier stance, new regulations governing DES use will be issued, it was explained. If, however, the hearing does not produce enough evidence to warrant a change, the FDA said it would immediately reimpose the ban. Hearings are expected to get underway in 2-4 months.

Official interpretation of the latest action is manufacture and feeding of DES can begin again at once and continue until the the FDA issues a new decision based on its hearings.

Canada may impose an embargo on shipments of U.S. beef unless assurances can be given that DES has not been used in its production. Canada has long banned use of DES as a growth hormone in cattle and supports its case by pointing to similar prohibitions by European nations.

USDA representatives went to Ottawa to discuss this matter with the Canadian Government on February 21. However, USDA meat inspectors had previously found it impossible to issue certificates on nonuse of DES before the U.S. ban in 1973.

Total exports of U.S. slaughter cattle to Canada have averaged 2,400 head per week since January 1, 1974. In addition, U.S. exports of dressed beef have averaged 525,000 pounds weekly since the same date.

Low Prices Reduce Irish Beef Slaughter and Exports

In 1973, Irish cattle prices fell 21 percent from a high of US$40.30 per unit of 112 pounds in May to US$31.74 per unit in December. Prices declined to the point where an estimated 3,000 tons of beef were sold to intervention by the end of 1973.

Off-farm sales of cattle were down 7 percent compared to 1972. Irish farmers held back cattle from sale rather than sell for falling prices.

Japan Sets Temporary Freeze on Beef Imports

The Japanese Ministry of Agriculture and Fisheries announced on February 1 a temporary freeze on beef imports under the current quota system. Also affected will be 7,000 metric tons of imported beef already in storage, which will not be released under the rules of the temporarly freeze.

This order will affect approximately 40,000 metric tons of the 83,000 tons that were originally allocated for the second half of fiscal 1973. The purchasing freeze is expected to be maintained until wholesale carcass prices of domestic dairy steers recover from a recent price drop. Dairy steer prices have fallen from a peak of US$1.78 per pound to the current level of US$1.24 per pound.

The Ministry justified the freeze order as being necessary to protect the growth of Japan's domestic beef industry. With reduced domestic production and reasonably small stocks, wholesale prices are expected to recover rapidly.

The U.S. share of the Japanese quota for the first part of fiscal 1973 was 6,668 metric tons of chilled and frozen beef.

Swine Vesicular Disease Reported in Japan

A report from Tokyo reveals November outbreaks of a blistering disease on the nose and feet of hogs on 15 Japanese swine farms has now been confirmed as being swine vesicular disease (SVD). Epidemic prevention measures, including slaughter, disinfection, and quarantine, have already been taken. No further outbreaks have been reported nor has the source of the first infection been found.

Repeated outbreaks of the same disease in the United Kingdom over the past 13 months have forced slaughter of 92,000 pigs—only 20,000 less than the number slaughtered because of the 1967-68 outbreak of foot-and-mouth disease there.

West Germany was recently removed from the list of countries considered to be SVD-free after two outbreaks of the disease occurred in September 1973. Effective January 26, 1974, U.S. imports of cured and dried products such as salami and various types of ham were stopped from West Germany because of SVD. A German industry spokesman declared that such products accounted for almost 100 percent of German meat exports to the United States.

Other countries considered to be infected with SVD are Switzerland, Austria, Italy, France, Poland, and the British Crown Colony, Hong Kong. These countries would also be prohibited from shipping dried or cured pork products to the United States. Canned hams are not prohibited entry because cooking kills SVD virus.

Fresh, chilled, and frozen pork imports into the United States have historically been prohibited from these countries because of foot-and-mouth disease.

Argentina Livestock and Meat Output To Rise in 1974

Cattle slaughter in Argentina for 1973 has been estimated at 9.8 million head. This is down 2 percent from a year ago. However, it is anticipated cattle slaughter for 1974 should exceed 1973 levels by 10-12 percent. Worsening pasture conditions or a sharp break in domestic or world prices could result in much higher marketings.

Exports, which were brisk during the first quarter of 1973, slumped during the latter part of the year. This appeared to reflect a reduced demand primarily in European markets as

consumers there resisted higher beef prices.

With economic conditions in Europe in a state of flux, Argentine exporters are not anticipating an increase in beef exports in 1974. While the Government of Argentina recognizes the importance of beef shipments as a foreign exchange earner, it has taken stern measures to assure adequate domestic beef supplies are available at reasonable prices.

Argentina continues to export only canned and processed beef into the U.S. market. It is probable that exports of these to the United States will rise slightly during 1974.

FATS, OILS, AND OILSEEDS

Argentine Cake and Meal Exports Up

During calendar 1973, combined Argentine exports of cakes and meals rose to 614,900 metric tons (soybean-meal equivalent basis), compared with 355,200 tons a year earlier. In terms of soybeans, the 1973 volume equaled the protein fraction of 28 million bushels—12 million bushels above the 1972 volume.

The export jump chiefly reflected increased movements of sunflower and linseed cakes and meals due to larger 1973 crop harvests. In 1973, Argentina initiated exports of soybean meal. These shipments were reported to have totaled 14,000 tons. This was a small increase considering that production of beans—at 272,000 tons—was three and one-half times the 1972 volume and meal production is calculated to have increased by nearly 140,000 tons.

Brazil Sets New Controls on 1974 Crop Oilseeds, Products

Brazil's National Monetary Council announced February 4 and 5 new regulations governing exports of soybeans and products and peanuts and peanut oil. Originally reported to be effective March 15—although there is now some belief they may start sooner—the regulations require exporters of soybeans to sell 1 ton of soybeans to the Bank of Brazil—CACEX—for every 3 tons exported. The price of soybeans sold to CACEX is fixed at the equivalent of $135.00 per metric ton ($3.68 per bushel)—13.5 percent above the previous year's level.

Exporters of meal are required to sell 1 ton of soybean meal to CACEX at a fixed price of $142.86 per metric ton for every 5 tons exported. The new internal price of meal is 12.5 percent above a year earlier. Soybean oil exports from the 1974 crop are prohibited. It is expected these controls on exports of soybeans and products will be eased after depleted stocks of soybeans and, particularly, soybean oil are replenished from the 1974 crop and adequate domestic supplies are assured. The Government has based its export control measures on a projected 1974 soybean harvest of 6.5 million metric tons.

Exports of edible grade (HPS) peanuts have been resumed, but the volume cannot exceed that of the December-November 1972-73 period—about 55,000 tons (unshelled basis).

The issuing of export licenses for peanut oil will be resumed provided exporters can verify either the sale of 3 pounds of oil domestically for each 2 pounds to be shipped abroad or importation of an equal quantity of soybean oil or sunflowerseed oil. Reportedly trade in peanut oil is taking place under the first proviso.

SUGAR AND TROPICAL PRODUCTS

Sugar Prices at Highest Level Since 1920

Sugar prices were higher during the week of February 11, 1974, than at any time since 1920. On February 13, the world price (f.o.b. Caribbean ports) was 20.50 cents per pound, and the New York duty-paid price was 16.50 cents. On a comparable basis the world price was about 5.5 cents per pound above the U.S. price. The average world price for December 1973 was 11.83 cents and the New York duty-paid price was 11.34 cents.

A number of reasons were cited for recent price increases. For several weeks prior to and since the first of the year, there was a flood of sugar buying. The already tight supply situation, especially of sugar in second hands, was further exacerbated by lower-than-expected crops for several major sugar producers.

Reductions were reported in Australia, France, Turkey, the Philippines, and the United States (due to freeze damage in Florida). Despite these decreases, however, the 1973-74 production of sugar (by far an alltime record) should slightly exceed consumption requirements.

Other phenomena affecting the market recently include: The slowness of Japan and Canada, two of the largest importers, in covering their needs for the first half of 1974; the unsettled monetary situation; tightness of shipping; and uncertainty over supply and demand.

GRAINS, FEEDS, PULSES, AND SEEDS

Argentine Grain Board Given New Responsibilities

The Government of Argentina has announced the National Grain Board, a State trading agency, will be exclusive purchasing and marketing agent for all 1973-74 production of corn, grain sorghum, sunflowerseed oil, and byproducts. Bread and Durum wheat had been placed under State control earlier. The only grain crops not yet under National Grain Board jurisdiction are rye, barley, and oats. Likewise, the remaining oilseeds are not under the Board's control.

The Grain Board also reportedly plans to establish 30 marketing agents abroad to handle major commercial sales.

The moves to nationalize agricultural trade are part of overall Government policy of State control and protection of domestic industries, including agricultural.

Since the Grain Board has taken over its new functions, it has found itself short of grain terminal and subterminal storage facilities. As a result, it is now paying producers a premium for grain retained on farms. This amounts to about 3 U.S. cents per ton per day for up to 90 days, 3.3 cents for 91 to 180 days, and 4.3 cents for 181 to 300 days. The Board plans to build six new elevators of 10,000 tons each.

Peru Ups Domestic Wheat, Flour Prices

On January 23, 1974, the Peruvian Government announced price increases for bread and flour based on a higher selling price of wheat to domestic mills. Peruvian millers must now

pay $120 per metric ton for wheat instead of the previous $70 per ton. Flour prices at the mill have been boosted by 54 percent and the price of bread by 43 percent.

World market wheat prices are over $200 per ton and even the new Peruvian price increase requires substantial subsidization by the Government. In 1973, the wheat subsidy amounted to $50 million and would have jumped to $77 million this year in the absence of the recent price hikes. It is estimated the subsidy to the industry still continues at a high level—approximately 50 percent.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 26	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.54	+ 3	3.12
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	6.56	+27	2.78
15 percent	(1)	(1)	2.79
U.S. No. 2 Hard Winter:			
12 percent	6.58	+21	2.71
No. 3 Hard Amber Durum	8.85	+ 7	3.02
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.81	+20	2.05
Argentine Plate corn	4.01	+ 4	2.25
U.S. No. 2 sorghum	3.55	+ 8	2.15
Argentine-Granifero sorghum	3.51	+ 6	2.14
U.S. No. 3 Feed barley	3.17	+ 1	1.81
Soybeans:[3]			
U.S. No. 2 Yellow	7.46	+ 5	6.55
EC import levies:			
Wheat[4]	[5] 0	0	1.60
Corn[6]	[5] 0	0	1.18
Sorghum[6]	[5] 0	0	1.03

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Reduction in Indonesian Flour Production Expected

Reduced demand is expected to bring decreased output by Indonesia's three wheat flour mills from near full capacity to about 60-70 percent of capacity during early 1974. Indonesian trade sources estimate wheat flour consumption will decline about 32.5 percent monthly—from 80,000 tons to 54,000 ton a month.

Speculators who hoarded wheat flour during early 1973, in anticipation the Government would abolish its wheat flour subsidy, are now unloading their flour before prices drop further, while stabilized rice prices at about US$20 per ton have slowed demand for flour. Prices for wheat flour now stand at US$23 per ton.

Also reducing wheat flour demand is the unusually high price of cooking oil (mainly coconut oil) which is forcing many Indonesian consumers to purchase less oil. Most Indonesian foods using flour also use cooking oil.

Wheat flour production should rise after hoarders release stocks and rice prices move upward before the next harvest.

Six Andean Nations Fix Wheat Policies

On January 30, 1974, the Agriculture Ministers of Venezuela, Colombia, Ecuador, Peru, Bolivia, and Chile opened formal discussions aimed at promoting wheat production within these countries and controlling the impact of high world wheat prices on their economies.

The Ministers tentatively agreed to make joint wheat purchases abroad in order to increase their bargaining power. They also tentatively agreed to eliminate wheat import subsidies and to promote farming research in wheat production.

GENERAL

Fuel Prices Force Jamaica To Impose Import Ban

As a result of its inability to increase export revenue sufficiently to pay for necessary fuel imports, Jamaica has instituted a series of tariff measures designed to shore up its rapidly deteriorating foreign reserve position. The bulk of imports of consumer items will require specific licenses. In addition, imports of duck and turkey products, and apples will be banned.

In the period January through November 1973, the United States furnished turkey and duck products valued at $192,000. The value of U.S. shipments of apples to Jamaica in calendar 1973 declined to $66,000, compared to $86,000 during the same period in 1972.

Korea Reduces Tariffs On Five Farm Products

The Government of Korea has announced tariff reductions on 13 items, including 5 agricultural commodities. Several of the commodities will be admitted free. Following is a listing of the commodities, with the old and new rates, and value of imports of these items from the United States:

Item	Old rate	New rate	Imports from U.S.[1]
	Percent	*Percent*	*Million dollars*
Wheat	10	(2)	156.9
Beef tallow	[3] 20	(4)	8.8
Beef tallow	[3] 40	(4)	9.3
Lard	40	10	.2
Raw cotton	10	(2)	73.4

[1] Jan.-Sept. 1973. [2] Free. [3] Based on acid content. [4] Variable.

Other Foreign Agriculture Publications

- World Coffee Production Low (FCOF-1-74)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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GROWTH IN WORLD OILMEAL SUPPLY LIKELY TO SLACKEN IN 1975

Continued from page 3

The world increase will be limited, however, by the reduced U.S. production in 1975 that is now forecast on the basis of January 1974 planting intentions reported by growers.

Despite the possibility that U.S. meal availabilities from the 1974 crop could be cut by 400,000 tons to 34.1 million tons, exportable supplies will be up sharply. This increase reflects the sharp anticipated gain in 1973-74 carryover stocks, which could add nearly 4 million tons to U.S. exportable supplies in 1975.

World exports of meal in 1975 thus are projected at 33 million tons—2.45 million tons above this year's forecast. Although the projected increase is sharply above the current trend, it represents a substantial diminution in growth from this year's expected gain. There will likely be some substantial adjustments in stock levels in 1975, since the projected increase in aggregate exports exceeds the projected increase in production.

U.S. exports of oilseeds and meal in 1975 are projected at 18.3 million tons —880,000 tons above this year's forecast. If this estimate holds, a trendline increase in U.S. exports could be achieved—despite reduced production —without decreasing supplies for domestic needs. An ample stock level would, in fact, still exist to cover contingencies, thus avoiding the disastrous effects of shortages and a price explosion such as occurred in 1973.

World imports of oilseeds and meals into major markets were, during the first 11 months of 1973, about 2 percent higher in volume than in the same period of 1972.

Combined net imports into six major markets—Japan, West Germany, France, Denmark, the United Kingdom, and Spain—totaled 13.8 million metric tons (soybean meal equivalent), compared with 13.2 million tons a year earlier.

Imports of soybeans and soybean meal to the six major markets during the 11 months ending November 30 amounted to 8.7 million tons—about 5 percent above the same period of 1972. The net increase in imports of soybeans and meal at 430,000 tons was equal to the protein fraction of nearly 20 million bushels of soybeans. This increase significantly exceeded the increase in combined imports of all oilseeds and meals into the six major markets.

West Asia's Rice Imports Rise Sharply

Continued from page 9

exceed 120,000 tons.

Iran needs to import 150,000 tons of rice in 1974, including more than 100,000 tons from the United States. Adverse weather reduced Iran's rice output to about 1 million tons in 1973 —down from 1.2 million tons in 1972. A 25-percent boost in Government salaries and liberal credit for farmers and small businessmen tended to boost the demand for rice in Iran. However, most of the country's rice is grown in a small area near the Caspian Sea, so with only a small percentage of the farmers growing rice, the domestic supply is small. Iraq would like to import about 200,000 tons of rice in 1974, including larger supplies from the United States than the 9,000 tons purchased in 1973. Because of tight world supplies, it is not likely Iraq's total rice import needs will be satisfied.

Rising consumer demand and a small 1972 rice harvest caused Turkey's rice imports to climb to about 60,000 tons in 1973. The United States was the major supplier, followed by the People's Republic of China and Thailand.

Private importers in Kuwait, Bahrain, and Dubai have sold rice to merchants in Saudi Arabia and other nearby markets in recent years. It now appears that the reexport trade in rice will have difficulty in regaining importance. Most future rice exports to the area are likely to go to government trading agencies flush with cash provided by higher petroleum prices.

Saudi Arabia is likely to account for about one-fourth of West Asia's rice imports in 1974. Managers of supermarkets in that country would benefit from a stable supply of rice provided through purchases by their Government in foreign markets.

This would be a more comfortable position than relying upon private distributors in neighboring countries.

Iran and Iraq combined are likely to account for slightly more than one-fourth of West Asia's rice imports in 1974.

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